



OFFICE OF
INSURANCE COMMISSIONER

In The Matter Of:

TICOR TITLE INSURANCE COMPANY,

An Authorized Insurer

No. D07-155

CONSENT ORDER
LEVYING A FINE

Comes Now the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080, and makes the following:

FINDINGS OF FACT:

1. Ticor Title Insurance Company ("Ticor") is authorized to issue title insurance in Washington.
2. The Office of the Insurance Commissioner examined the expense records of Ticor for the period from November 15, 2006 through February 15, 2007 in King, Pierce, and Snohomish Counties, Washington. The examination was to determine whether Ticor was abiding by the requirements of WAC 284-30-800, which prohibits inducements, payments, or rewards exceeding \$25 per person, per year, for the placement of title insurance.
3. On December 18, 2006, Ticor purchased four holiday gifts for realtors and lenders that cost \$29.00 each, and one holiday gift for a realtor that cost \$31.95.
4. On December 28, 2006, Ticor purchased dinner for three individuals, two of whom were realtors or lenders, that cost \$265.16.
5. On January 10, 2007, Ticor purchased a floral arrangement for a real estate agent that cost \$58.75.

CONCLUSIONS OF LAW

1. By purchasing meals, gifts and flowers for individual realtors and lenders that exceeded \$25 per person, Ticor violated WAC 284-30-800.
2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of or in addition to suspension or revocation of a company's license for a violation of RCW 48.05.185 and authorizes the Insurance Commissioner to impose a fine in lieu of or in addition to suspension or revocation of a company's license for a violation of the Insurance Code.

CONSENT TO ORDER

NOW, THEREFORE, Ticor consents to the following Order in consideration of its desire to resolve this matter without further administrative or judicial proceedings and in order to avoid the cost and uncertainties of litigation, and the Insurance Commissioner consents to settle the matter in consideration of Ticor's payment of a fine and such other terms and conditions as are set forth below:

1. Ticor consents to the entry of this Order, and waives further administrative or judicial challenge to the OIC's actions in regard to the entry and enforcement of the Order;
2. Within thirty days of the entry of this Order, Ticor agrees to pay to the OIC a fine in the amount of \$25,000, \$20,000 of which is suspended pending no further violation of the statutes and regulations that are the subject of this Order;
3. Ticor will carry out and fulfill the requirements of the Compliance Plan, which is attached hereto, for a period of two years;
4. The OIC will not impose the balance of this fine nor take action against the certificate of authority of Ticor should it commit isolated, de minimis violations of the statutes or regulations that are the subject of this Order during the suspense period, as determined by the OIC. Ticor commits to rectifying such violations promptly once they are discovered;
5. Whether further violations of the statutes and regulations that are the subject of this Order, and whether they are isolated or de minimis, will be determined within the sole discretion of the OIC. Ticor understands and agrees that any future failure to comply with the statutes and regulations that are the subject of this Order constitutes grounds for further penalties that may be imposed in direct response to that further violation, in addition to the imposition of the suspended portion of the fine;
6. The suspended portion of this fine will be imposed at the sole discretion of the OIC, according to the conditions set forth above, without any right to advance notice, hearing, or appeal. Failure to pay the unsuspended portion of the fine as set forth above shall constitute grounds for revocation of Ticor's certificate of authority.

EXECUTED this 21st day of June, 2007.

TICOR TITLE INSURANCE COMPANY

By: 

Typed Name: KEVIN R. CHIARELLO

Typed Corporate Title: SENIOR VICE PRESIDENT

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Ticor Title Insurance Company is ordered to pay a fine in the amount of \$25,000, \$20,000 of which is suspended pending compliance with the statutes and regulations that are the subject of this Order for a period of two years.
2. The Company will abide by the terms and conditions of the Compliance Plan attached to and made a part hereof for a period of two years.
3. The Company's failure to pay the unsuspended portion of the fine within thirty days of the entry of this Order shall result in the revocation of the Company's certificate of authority and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.
4. This Consent Order is for settlement purposes, and the fact of, and any provision, finding, or conclusion contained in this Consent Order (or its attachment), and any action taken hereunder: (a) are not intended to be, and shall not be construed as, or be admissible in evidence as, any admission of any fact or legal principle in the action now pending in the Western District of Washington titled *Blaylock et al. v. First American Title, et al.*, (No. 06-1667 JLR) and any progeny thereof; and (b) do not, and are not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in regard to *Blaylock* or its progeny.

ENTERED AT TUMWATER, WASHINGTON, this 25th day of June, 2007.

MIKE KREIDLER,
Insurance Commissioner

By: 

Marcia G. Stickler
Staff Attorney
Legal Affairs Division

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COMPLIANCE PLAN

A. Purpose of and Consideration for the Plan

Ticor Title Insurance Company (Ticor) enters into this Compliance Plan with the Office of Insurance Commissioner ("OIC") for the State of Washington to promote compliance by the Company with the requirements of the laws and regulations of the State of Washington. Ticor is also entering into a Consent Order No. D07-155 with OIC ("Consent Order"). This Plan is attached to the Consent Order and is fully incorporated into said Consent Order, and Ticor's obligations under this Compliance Plan are made a part of the Consent Order and constitute obligations under said Consent Order as though this Compliance Plan and the Company's obligations under it were fully set forth in said Consent Order.

B. Term of Plan

The effective date of this Plan shall be the date of entry of the Consent Order, on which date this Plan shall become final and binding. Ticor's obligations under this Compliance Plan shall continue from its effective date until termination of the period during which conditions are imposed by the Consent Order.

C. Compliance Plan

1. Internal Audit

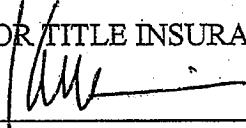
- a. Information to OIC: The Company will conduct four semi-annual internal audits, the first to be performed within sixty (60) days of the entry of the Consent Order. Every six (6) months thereafter the Company will perform a follow-up audit. The Company will establish an audit plan and take corrective action with regard to the violations included in the Consent Order. Copies of each internal audit report on the semi-annual audits to be performed during the period of this Plan shall be provided to Christine Tribe of the OIC Legal Affairs Division within thirty (30) days of the report being issued. Reports shall be issued no later than thirty (30) days following the completion of each audit.
- b. Internal Audit Obligations: Ticor will provide its staff conducting the audit with the Consent Order and shall focus the audits on gifts, meals, or other things of value given to real estate professionals, lenders, or builders.
- c. Audit Scope: Each semi-annual audit shall include review of Ticor's sales representatives' expense accounts in King, Pierce, and Snohomish Counties, Washington during the six month period covered by the audit.
- d. Correction of Exceptions: Any exception or deficiency identified by the internal audits conducted pursuant to this Plan shall be corrected. Ticor agrees to advise OIC

within thirty (30) days of the audit report of any corrective measures contemplated to address any such exceptions or deficiencies or any other areas requiring correction. The OIC shall then review these measure(s) and notify Ticor of any comments associated thereto within thirty (30) days. Unless the OIC requests modifications to the proposed corrective measure(s), Ticor shall have thirty (30) days from the end of the OIC's review period to implement the measure(s). However, should Ticor need longer than thirty (30) days to correct any exception or deficiency, it may contact the OIC Legal Affairs Division and request an extension to the thirty (30) day requirement.

D. Miscellaneous

1. Authority to Enter Plan: Ticor gives express assurance that under applicable laws, regulations and where applicable, its Articles and By-Laws, it has the authority to comply fully with the terms and conditions of this Plan, and that it will provide written notification to the other parties within ten (10) days of any material change to this authority or of any violation of this Plan.

TICOR/TITLE INSURANCE COMPANY

BY: 

TITLE: SENIOR VICE PRESIDENT

DATE: 6/21/07